[Shri A. M. Thomas]

and in the steel agreement which we have entered into recently, there are sufficient safeguards.

When we go through the history of any country, we will be able to find that those countries have developed not on their own resources but on substantial help from other countries. We need not have any inferiority complex in this matter. We are a sovereign republic and we need not be afraid at all that because of the fact that we get foreign capital, we will again be a satellite country. We know that in America, which is a sovereign country, they have taken foreign help, and I do not think that any other country in the whole world has taken such substantial help from foreign investments as America has done, and I do not think that America has lost in any way on account of that. Of course, the pattern of foreign help is also changing. There must be the disappearance of the acquisitive element. It is that aspect that was emphasised by the guest that we have in our capital, Marshal Tito, yesterday in his after-dinner speech. There must be organised aid to underdeveloped countries. Because we obtain foreign help we need not be at all afraid about our independence or stability.

The Prime Minister and Minister of External Affairs and Defence (Shri Jawaharlal Nehru): Mr. Chairman. Sir, speaking on my own behalf and on behalf of the Government, I should like to say that we have welcomed this debate. I hope that such debates might take place from time to time in Parliament, not only because they are necessary but also because they are helpful to Government. They show, they demonstrate, the social awakening that has come all over the country. They are the signs of our moving more and more rapidly, I hope, from the purely political plane to the social plane. I welcome, therefore, even the criticisms that have been made, though I must confess that some of the criticisms left me rather aghast, because they seemed to have no relation, so far as I am aware, with the facts.

An eminent Member on the other side, who used to be a great scientist, Prof. Meghnad Saha, but who drifted from the fields of science and has found no foothold elsewhere yet, told us many things, most of which, I think, are completely wrong. I have seldom come across a less scientific approach to a problem than that of Prof. Meghnad Saha, in fact, a less factual approach. I can only express my deep regret that such an eminent scientist should have fallen into such evil ways of thinking.

I do not mind Prof. Saha, or any other hon. Member in this House, criticising our Government. We are no doubt open to criticism in many matters and we do not mind it. But I do mind, Sir, criticisms which amount to criticisms of the Indian people. And if any man in this House or elsewhere blames or criticises what the Indian people have done in the last six years, I say it is not proper, certainly for any of us, I would say—even for any outsider to do it—much more so for any national of India to do it. Because, in spite of the grave and great problems that we have had to face, in spite of this Government's deficiencies—I admit it—in spite of the errors that we have made, the Indian people have done a fine job during the last six years. Let that be clear now. And I include in the Indian people almost every group—I do not include individuals—the vast numbers, the masses of the Indian people, the intellectuals, the peasants, the workers and others. They have done a fine job, of which I for one am proud and I am prepared to shout out my pride anywhere in the world.

Now, I find all this carping criticism —partly as I said, I do not object to it, —is based, not, as it should be, if I may say so, with all respect, on a balanced view of the case. I can very well

understand a criticism here, acceptance of a good thing there, but I cannot understand just criticism, just denunciation alone. Our friends opposite seem to have forgotten to appreciate anything, to say "Yes" to anything. That I say, whether it is on this side or that side of the House, is an unbalanced, unscientific, unfair, unhelpful attitude.

What are we after? All of us, whether we may sit here or not, are after doing something which is tremendous, changing the face of this ancient country, with its vast population, also, let us remember, tied up in many ways with ancient customs, ancient habits, ancient economic systems. We want to break through many of these things. If you travel all over India you see an enormous variety of population—all kinds of people, various degrees of development, cultural, political, social, economic, call it what you like; disparities, sometimes vast disparities. We do not like it. Nobody in this House likes that. We want to put an end to disparities, inequalities. We want, naturally, to raise the standard of living, have a new structure of society and all that. It may be that we may differ, in regard to any particular item, the particular method of doing it. It may be that even in the final picture, there might be some difference of opinion, but I rather doubt if there is any great difference of opinion in regard to the final picture that most of us envisage. But anyhow we can only think out our plan of progress, whatever it is, on what I venture to say, a scientific assessment of the facts of the situation. We can hardly consider it in the manner of an academic debate.

Here is a terrific problem, not merely in numbers, but in the complexity of it. People talk about the public sector and the private sector. Does the House realise that the private sector, the biggest and the overwhelming private sector, is the private sector of the peasants in India, the small holder of land? That is the tremendous private sector in this country, not those odd factories and odd things that exist. Now we want to change all that. And remember this that there is a limit to the amount of compulsion that you can exercise, apart from the desirability of compulsion. You have, ultimately, in a vast society, to go by consent, not everybody's consent, but consent of the community as a whole. Apart from this ineluctable factor, so far as our country is concerned, we have followed a policy in our political field which was rather unique. In our political struggle, we by and large, adopted peaceful methods. In our economic approach there are conflicts there is no doubt about it. In the economic field there are classes. We want to do away with the classes. Our approach has been, by and large, trying to win over people. We put an end to the princely order in this country. We paid for it. But remember this that what we paid for it, however heavy, was very little, compared to the cost of conflict. Nowadays in the world, whether it is in the international sphere or the national sphere, people are always talking in terms of conflict. It is war or cold war, or conflict or class struggle. I admit class struggle; I admit it, but I do not want to aggravate it. I do not want to obsess my mind with it. I want to get rid of it as far as possible without aggravating that struggle, by other means. I do submit that the results of our political and other approaches have led to good things. They are good in many ways, and apart from reaching a person's goal or a particular goal and get going towards it, we create an atmosphere, a mentality of co-operation, or, at any rate, we do not have strains of bitterness and conflict pursuing us. We have taken examples from other countries, of big, social, political upheavals. We may have differing opinions about them, and we may like some part and do not like some other part, but it is not a question of liking or not liking. They are great historical upheavals like a tempest, but it is no good my saying or any hon. Member saying that he does

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not want the cold wind or the tempest outside. But this is happening, and they become the conditioning factors in a country, and one conditions oneself to these factors. One makes mistakes and then recovers from that mistake.

I dislike comparing my country with others to our advantage or disadvantage, because I do not want or like to criticise other countries. I want to be friendly with them, because I like some things in them and I do not like some other things in them, but I venture to point out to this House that where those upheavals occur, they are products of history, violence and all that kind of things—defeat and civil war. They govern subsequent things. Now, one does not, in order to reach something, organise an upheaval deliberately and destruction. If it comes one's way, it is a different matter and one has to face it. Now, some hon. Members seem to think that in order to make progress, we must destroy, we must increase the conflict, bitterness and then we shall have a cleaner slate to write upon. As I said, no country has ever had a cleaner slate to write upon not even after the biggest of revolutions. We cannot get rid of many factors which govern the situation and the growth of a people. But no one, as I am aware, would willingly destroy something which is worth while in order to build something which may be good in certain circumstances. Now, I am prepared to compare what has been done in India in the last few years with what was achieved in any other country. It may be that we may not have achieved much. We may have achieved less; I am prepared to admit that. But at the present moment, behind that we must see this peaceful co-operative method of approach. You may say that taking this peaceful co-operative method of approach we might have gone faster; we can go faster, and let us admit it, or let us start about it and increase our pace. But this House must be clear as to whether we accept that peaceful, co-operative and democratic method or whether we accept some other method. When I use the word democracy, I know it can mean many things, but I am talking in terms of what is called parliamentary democracy. There are other methods which may equally be democratic but which are different. It is in that context that one has to see. Why do we have parliamentary democracy and the like? Because, presumably, we think that in the long run, that produces the best results. If we get to the conclusion that it does not produce best results, well, we change it, obviously because we want results. What results are we aiming at? National well-being, human happiness of the millions and millions of our people. Let us not, for the moment, use terms which have a very specific connotation. We aim at human happiness in this country,—national well-being, national strength. How do we achieve it? We have got, at the present moment, a country which is industrially not developed, although, remember that even so India is more industrially developed than any country in Asia, apart from Japan. I am not for the moment taking into consideration the Soviet part. But apart from these two exceptions, India has more industrially developed than any country, certainly more than China. What will happen in the future is a different matter. I am talking about the present. Nevertheless, we are an undeveloped country. Our standard of living is low. We have got to raise that, and in raising that we have got to find employment for all our people.

What are our objectives? Well, we may define them in many ways, but perhaps one way which is more important than others is to find progressively fuller employment till we reach full employment by increased production and all that. You may also say greater production, better distribution. All that we can say and all these things are part of the main objective. Essentially, the problem should be viewed,

I hope, from the point of view of attaining fuller employment and greater production and better distribution.

Now, if that is our approach, how are we to do it in this very complicated situation that we are in, with an under-developed economy and with very little surplus to invest and all that? We cannot compare our problems with those of the industrialised West, because they have centuries, or at any rate, generations of growth. Even with Soviet Russia we cannot compare. We can learn from them in some matters. There, conditions were completely different—with war, civil war. I am prepared to compare India with Soviet Russia after seven years of freedom certainly, but not after 30 or 40 years of their freedom. The only country which is in a sense comparable is China, comparable in the sense that it has a vast population, tremendous unemployment, very low standards and under-development, and not industrialised. That is a comparable case. Therefore, possibly, it is conceivable that as they make their progress according to their ways, we may be able to learn something from them. But again, take the background of China; as they are today, after 40 years of civil war, international war, national war, till the country was absolutely at the rock-bottom level. We had, fortunately or unfortunately—for ourselves fortunately, so far as I am concerned, and possibly hon. Members opposite may think it is unfortunate a peaceful transfer of power in this country with a running machine. A running machine has its advantages and disadvantages. I prefer the advantages. The disadvantage may be that you are tied up with certain processes which take a little time to change. The advantages are obvious: that you do not destroy and start from scratch, but we started at a higher level, as I said, compared to most countries in Asia. I dislike comparisons; they are odious; but, nevertheless, I beg the House to consider the state of affairs, political, social or economic, in India today with those of any other country in Asia. Again, for the moment, I leave out China, because China deserves a separate treatment in regard to many matters. Although at present conditions in India are better, that is to say, industrial and general conditions, I think if the standards here are better than in China it does not mean that China may not make greater progress. That is a different matter. It is a different matter to compare all these countries of the West with those of the South and South-East Asia. Is there any comparison between the stability—political, economic and social—that we have achieved in this country and the progress we are making, with others? It may be slow, according to our thinking, but there is no doubt about the progress that we have made. There is no doubt at all about the impression that has been made in the wide world about India today.

It is an extraordinary thing that our critics largely come from, well, some of our own countrymen, or—it is an odd thing to put in the same level—or from certain very reactionary parties in the West who do not like India's progress. But I would beg this House to consider that let us have criticism galore, but let us always remember that in this matter if India is going to go ahead, it is not because the Government of India is very bright—that helps no doubt if it is so—but it is because the people of India function. And it is not right for us always to be running down what the people of India are doing. We take up something in a big way. Take the Community Projects or the National Extension Service. I think it is one of the biggest things that any country has undertaken, and I think that—I won't say that it has succeeded hundred per cent—but it is succeeding in a very large measure. And it is an amazing thing how from the grass roots we are building up something, not imposing something from above as normally governments have done.

And what has been the reaction of many of our friends on the opposite

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benches? They not only run it down, they refuse to co-operate with it. It is not a governmental effort, it is a people's effort. They keep away, they keep others away; in fact they obstruct in the progress that might be made there. Is that, I would like to suggest to hon. Members, is that a proper way of dealing with these vast national questions? So I do submit that some difference might be made in the criticism of any Government policy or something, which should always be welcome to us, and the way this great country of ours and these great people of ours are functioning today and building up a New India. I have no doubt they are building it. I see all over the place and I have no doubt at all that the atmosphere, the air of India is invigorating and exhilarating today.

Professor Meghnad Saha said that all the figures that the Finance Minister has given were completely wrong, about the industrial and other progress that we have made. It is rather difficult for me in a short space of time to go into these detailed figures. Most of them, hon. Members know, have been given in the Planning Commission's progress report and other papers. But I really am surprised at Professor Saha challenging obviously right figures. He challenged the whole question of greater production.

The index of industrial production (in 1946 being 100) from 105 in 1950 rose to 117 in 1951, to 129 in 1952 and to 135 in 1953. In July this year it was 149. It is a big jump from 105 to 149. There has thus been an increase of over 33 per cent since 1950. It is a very good increase. Mr. Asoka Mehta said about its being lop-sided. It may very well be lop-sided. But let us remove the lop-sidedness. Then again, it is also true, of course, that judging of these in terms of our needs and what we should do, it is not enough. We admit that. But the point is that there has been a marked increase in industrial production, whether it is output of cloth by 25 per cent or cement by 50 per cent; and Sindri has reached capacity production, and we are now on the verge of starting one or two more Sindries; electric energy, and so many other things. I agree, of course, there is no question of Government or anybody feeling complacent. The problem is terrific. All I can say is, not that we are complacent, but that (how shall I put it) that we are not frightened by this problem, we are going to face it and solve it, however difficult it may be. Not we; for the moment I am talking of all of us together and the country. Because the slightest weakening, the slightest element of complacency will come in our way, and we will have to work hard and think hard—think hard, I say. How do you solve it? You find these vast social problems in a country like India. We talk about classes, but something infinitely worse than classes exists in India: that is, castes, castes petrified. Can anybody deny, on this or that side, that it is a curse in this country, this caste business which comes in the way, and is bound to come in the way of any kind of progress, political, social, economic? There it is. You have to deal with the situation. We have to fight that menace of caste which comes in our way. How are we to do this? Not by some resolution here. We are not going to change the caste structure of India by some resolution or by some law. We can help if we pass laws about untouchability and all that; they are good, they help in bringing about a gradual change. My point is you cannot change this vast fabric of India, with its caste and other divisions, enormous divisions, provincialism and all that, by some magic wand.

Also, if you think on economic lines alone—you cannot, of course; but let us suppose we think on economic lines, the question of production, of

balanced production, of employment how do we proceed about it? People argue about public sector and private sector, and it is important enough to argue it, talk about it, discuss it. But the question is not solved by either talking about public sector or private sector or both. After all, there must be so many factors in the problem and we have to make progress. There is something left, and unless you think of the consequences of one step and prepare for the second step from today, there will be bottlenecks and stoppages. Therefore it becomes necessary to think out these problems, not academically, but scientifically—not like Professor Saha, but scientifically, I say.

Shri S. S. More (Sholapur): What is your science?

Shri Jawaharlal Nehru: My science, if I may say so, is essentially based on social statistics; not wishful thinking—except wishful thinking in the sense of the objective—but essentially based on social statistics; how we can gain something and how we can have a balanced economy, heavy industry, medium industry, light industry, cottage industry; how we can provide employment within the short space of time; and how we can generally raise the level of human happiness in the country and national strength.

It is quite possible, and I think Mr. Asoka Mehta was perfectly right in pointing out, that there has been lop-sided development. There has been. And, if I may say so, there has been lop-sided development in most other countries too, even in trying to plan.

Now, I think that this country—I am not comparing it with any other—but taking the background in this country as it is, all these separatist backgrounds, class and caste and all that, and provincialism, it has done. I think, a pretty good job of work, through its Planning Commission in making the people conscious of the problem. It is very important that people should generally become conscious of the intricacy of the problem and begin to think in terms of planning for India as a whole. They have done a very fine job. I am not referring to any individuals, but generally. We started planning as the House will remember three years or four years ago, with practically very little data. It is very difficult to plan without data. One can pass resolutions in Parliament and elsewhere as to what the objective is. Gradually, we have collected data. Gradually, we have made the States and the people in the States plan conscious. All the time, we had to face the terrific problem of food shortage in this country. We came to the conclusion rightly or wrongly that in the First Five Year Plan, the most important thing was the agricultural front. Of course, we are carrying on the river valley schemes, we have put up the Sindri and Shittaranjan factories and all kinds of other things. But, essentially, we said that food shortage was a big problem and we concentrated on that. Opinions may differ as to whether we have done something about heavy industries or not. It is a matter of opinion. But, we did that because we felt that unless we have a strong basis in the food front our industrial efforts may, well, if not fail, be bogged or checked. Hon. Members who have studied the history of other countries, probably know that too much stress on heavy industries have produced difficult problems in those countries, the socialistic and the like countries. In fact, the cost paid for rapid industrialisation has been terrific in some countries. I doubt if any country deliberately would pay that cost. It came their way; they paid it. I am certain that no country with any kind of parliamentary democracy can possibly pay it. May be, where we have dictatorship with an army behind it they may perhaps do it. Even there, I doubt it because, no dictator can go on too far without the consent of the people. You have to consider this. I am quite sure in my mind that real progress must ultima-

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tely depend on industrialisation. That industrialisation ultimately depends on heavy industries. Other things are good but heavy industries are more important. Of course, other things are important too; I am not saying of that. If we want even to preserve our national independence, and much more so if we want to raise our standard of living, heavy industries are essential. It is admitted. But, if I go in for heavy industries alone and not think of the other factors, it is quite possible that our problems may become much more difficult. It is quite possible that unemployment might grow. We have to face the problems which China has to face. Of course, we have many kinds of reports about China. There are good accounts and true accounts. There is terrific unemployment in China. Their leader says so. They are trying to face it; may be in a different way. The problem comes up before us. We want higher techniques. We cannot progress without higher techniques. The moment we think of higher techniques, we will cause unemployment. We do not want unemployment; we want more employment. We talk of rationalisation and the rest. These difficulties come up. One has to balance them. We have to see how we can go ahead on all fronts.

Shri Meghnad Saha has, fortunately, returned to the House. May I repeat something about his reference to our National Laboratories as having done nothing worth while in the industrial field?

Shri Meghnad Saha (Calcutta North-West): May I interrupt I have not said anything like that.

Some Hon. Members: Shri Asoka Mehta said so.

Mr. Chairman: Yesterday it was said.

Some Hon Members: By Shri Asoka Mehta.

Shri Jawaharlal Nehru: It does not matter really. I am glad that Shri Meghnad Saha is of the opinion that the National Laboratories are worth while and that they have done good work.

Shri S. S. More: He has not said that.

Shri Meghnad Saha: I have not said that also.

Shri Jawaharlal Nehru: Well, Shri Meghnad Saha is neutral on that subject.

Having had something to do with these National Laboratories and having met scores and scores of young scientists, men and women, who are working there, I can say that there is no finer set of young men and women in India than our young scientists. The other day, we had a small conference on atomic energy. There were senior men present there. We heard their discourses with the respect that is always due to senior scientists. There were some young men present there too. If I may say so again with all respect to the seniors, the juniors outshone the seniors.

Shri Meghnad Saha: May I interrupt? The particular junior scientist was my own student and I am very proud of that. The saying is:

"सर्वतो जयमन्विष्येत् पुत्राद् शिष्यादिच्छेद् पराजयम्"

Men seek victory everywhere but seek defeat from his own sons and students.

Shri Jawaharlal Nehru: Of course, Shri Maghnad Saha is completely right. The House may remember the saying in Urdu:

"गुड़ जो गुड़ ही रहे, चेले शक्कर हो गये"

I was talking about statistics. We are now engaged in trying to work out these problems as far as possible

on a statistical basis. In this matter, naturally, we have asked for the help of our senior statisticians in the Statistical Institute. Such of the hon. Members as have seen the Statistical Institute in Calcutta will know what fine work they are doing and on a big scale. There are hundreds and hundreds of young people being trained there. In fact, it has become a centre of international training. There are, I think, men of 20 nationalities being trained there. Very eminent professors have come from abroad. At the present moment there are expert statisticians of world repute from a number of countries including America, England, France, Belgium, Norway, the Soviet Union, Japan, and may be one or two other countries. I am glad to say that there is peaceful co-existence among them. As I said, the problem is, we have set out for us to work out statistically as far as possible, how in 10 years' time—the Finance Minister yesterday said about unemployment being ended in 10 years—we can end unemployment and of course, increase production all round, how to do it in a balanced way and how much investment is necessary in heavy industries and cottage industries. It is obvious to us that we cannot do without any industries. We cannot do without cottage industries in a big way. It is not a question of conflict between them. All this has to be balanced in order to bring about this production. Of course, this requires very heavy investments. My point is this. I beg of the House and the country to consider these problems on this basis, excluding words and terms which provoke perhaps passions, excluding the sloganlike approach, but in a practical way. We have got to do this and that. We have got to produce certain things. If we have got to produce certain things, we have got to have a factory or whatever it is, to produce them.

1 A.M.

If we want a factory, we have got to make the machines for a factory in India, and look ahead as to what we want five years later. We want a plan for it today. It is Professor Saha or Shri Asoka Mehta who pointed out that we have been very slow about our steel production. I accept that indictment. We might have gone faster, certainly; but, anyhow, we have woken up to this fact some time back, and we intend to go as fast as we can. For the moment we have in view at least two additional plants and we are thinking also of a third. That is, we want to quardruple our steel production in the next few years. So that, in these matters one can only approach them from this point of view of how we can bring about the greatest amount of production and the greatest employment, and the purchasing power etc., will flow from employment.

There is much discussion about the public sector and the private sector. I said the other day,—said it more than once,—that I attach great importance to the public sector and that the pattern of a society that we look forward to is a pattern which, broadly speaking, can only be described as a socialist pattern of society which is classless, casteless,—So far as the Congress is concerned, for a long time past it has laid down its objective as a casteless, classless society—which can only be attained obviously in a socialistic pattern. That is agreed. But, again, I would beg of you to think of the problem not, let us say, in this way that because socialism imagines or conceives of all nationalised industry, therefore you must have all nationalised industry;—I think that progressively as the socialist pattern grows, there is bound to be more and more nationalised industry—but what is important is not that there should be an attempt to nationalise everything, but the results of that. That is, what you are aiming at is production and employment. If by taking any step you actually stop the production process from growing, the employment process from growing, then that does not lead you to that socialistic pattern, although that little step might be called socialistic. What one has to do is, in a country like

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India, where, being under-developed in many ways, money is lacking, where trained personnel is lacking, where experience is lacking, we have to take advantage of such experience, training, money etc., as we have got everywhere. We want to make this business of building up India, a tremendous co-operative enterprise of all the people, and try to avoid mere conflicts and try to avoid taking steps, which, by themselves may be agreeable, but which really have a chilling effect on this pattern. We want to go ahead in regard to production and employment. That is the vital thing. And in order to do that, we have to creat an atmosphere and encourage the initiative for that purpose.

Now, in regard to the public and the private sector, it is obvious that with all the resources that we may have in the country in the hands of the State—they are limited—we cannot do all that we want to do at the present moment. We will try to do as much as we can, and perhaps we might do a good deal. But some people suggest: "You must prevent the private sector from functioning in regard to industries". I think any such idea comes from confused thinking. I do not understand this business. I want a socialist society in India, but I am not going to get it by merely passing resolutions and slogans. I want India to move in that direction carrying a large number of people with it. I want to get of this framework of an acquisitive society.

Shri S. S. More: Do you want the consent of the capitalists?

Shri Jawaharlal Nehru: I might even seek the consent of Mr. More occasionally.

Shri S. S. More: But Mr. More is not a capitalist.

Mr. Chairman: Order, order.

Shri Jawaharlal Nehru: It is obvious there is no question of asking for people's consent, and especially we do not go and seek the consent of the landlords before we have land legislation. It is absurd. But, nevertheless, we have land legislation in a way so as not to throw the landlords to the wolves. That is, we try to fit them into our future structure. As a matter of fact, hon. Members might know that the landlords, say of U. P., apart from a few, have been terribly hard hit by the land legislation; vast numbers, hundreds of thousands—I am not talking about small numbers—have been hit very hard indeed. Well, that is a consequence of a social change. One cannot help it, and many of them, realise it and accept it. We have not made them enemies. The other process is to make other people your enemies, call them enemies, and instead of getting some help from them, actually get obstruction from them. That I say is a wrong process either logically or from any point of view.

There is no question of our asking the permission of any capitalist or anything. But the point is, we have got this policy; whatever policy we lay down, we go ahead with it, but we always try to win over even those who suffer from that policy. One cannot win over everybody, but we will create an atmosphere of co-operation with us. I am too humble a person to talk big, but that at least is some little lesson we learnt from Gandhiji. He was a hard man in regard to the policies he considered vital, but he was always trying to win over even his opponent and his enemy—whether it was, politically, the Britisher, or whoever it was. Therefore, I submit that I would be glad if we made it perfectly clear what our objective is, what the socialist pattern of society means for us. But, having made that clear, let us not get lost in language, let us not think that we have done anything. It is far better to think in objective terms, than be involved in this, that and the other. We want fuller employment. How are we to get it? We want industry. In order to get a socialist pattern of society, we have to break through, it is true, a certain crust of structure, call it an

economic structure or a social structure. In the social structure, I would include caste and everything which inhibits progress, which comes in the way, which prevents the full growth, the full initiative being exercised by masses of people. I want to release that energy of the people. It is true that energy is released, maybe, by a violent revolution, but then you pay for that revolution heavily, and it takes a generation or half a generation at least before you get over that, and there is a tremendous hiatus, and therefore, one has gradually to get out of that old crust. The old feudal crust was broken by the capitalist order when it came—the new capitalist order. We have to get out of this capitalist crust, and go in a socialist direction. As a matter of fact, all over the world this process is continuing, because of the nature of things. Some individuals might talk somewhere in a distant country about private enterprise and *laissez faire*, but nobody, practically nobody, believes in *laissez faire*. There is regulation and control all over the place in regard to industry and imports and exports. The State everywhere, even in the more highly developed countries of the capitalist economy, functions in a way which possibly a Socialist fifty years ago did not dream of. That has happened. But I am not saying that we should follow that slow course. I say let us go swifter and faster in that direction, definitely of a socialistic economy, but let us go in a balanced way. Let us get as much help as we can; and I do not see any harm at all, in fact I see a lot of good, in the private sector functioning.

I just reminded the House of a fact which perhaps it has not kept in mind, that our biggest private sector is the peasant, and the peasant, by the nature of things, is a conservative person, is far more conservative than the industrial worker or other. I am not going into the land problem now, but obviously by the abolition of the landlord system, we have not solved the land problem. Obviously, many other steps have to be taken. But here is this economy—of which whatever the percentage may be, I do not know, seventy, eighty or ninety per cent. or whatever it may be—which is an agrarian economy based on a private sector. What are you going to do with it? Well, we change it gradually.

The Finance Minister said something about rural credit and rural banking. I think that is a tremendous thing to release the energies of this vast countryside, if we do it rapidly and thoroughly. These are the things which you can discuss, and I am sure hon. Members of the Opposition could put forward many ideas which should be helpful. Merely to denounce it or repudiate it does not help at all.

Therefore, one has to think in terms of our objectives, keeping them ever in mind, the objectives being, I say,—to put it in that way, a socialised pattern of society. We want to attain that, the real objectives being human happiness of all our people. To put it in a more restricted way, we want full employment, and much greater production to raise our levels. To put it yet in a different way, we want to attain these things in a peaceful democratic way. We think that is the best way to attain them, because that prevents conflict, or lessens conflict; and therefore, ultimately, it is the speedier way, and it does not leave these trails of bitterness behind, which are very harmful both to the State and to the individual. And within the State, we have to proceed as co-operatively as possible.

Now that might be good enough for any country, but for India, more especially, I think, it is even more necessary that we pursue that path, because of the great diversity of India, because, unfortunately, of the fissiparous tendencies, whether they are provincial, State, caste, communal, religious or whatever they are. We have got so many things to fight against in this country, and if we lose sight of this broad picture and merely butt in in one direction,

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well, we might upset the whole applecart.

I now come to the public sector. From this larger point of view, it is obvious, in a country as undeveloped as we are, quite apart from the objectives, we cannot progress except by State initiative, except by enlarging the public sector, and except also by controlling the private sector in a measure, i.e., the important points of the private sector. I cannot obviously go into the question where the line should be drawn. But the line will ever be a changing one because the public sector will be a growing one, and the point is that the strategic points must be controlled by the State. The strategic industries, and the strategic points in the private sector must be controlled by the State. Having said that, I should also like to say this. If I am right, Shri Asoka Mehta said something yesterday about the harassment or something caused to the private sector. I agree with him that we should control the private sector, the strategic points in the private sector. Having said that, if you leave something to the private sector, give them freedom to function within those strategic controls; it is absurd to ask them to function, denying them room to function there, denying them the initiative. We have them because presumably we think they will add to our common good in production. And if we deny them, in that sphere demarcated for them also, any initiative, then they are useless and helpless; it is better to take the whole thing then into the public sector.

If I may repeat, our policy must be, inevitably, one of raising production and increasing employment as rapidly as possible. In doing that, we can devise means. In doing that, it is essential that the public sector should grow as rapidly as possible. I think under circumstances in India today, it is quite necessary that the private sector should function under certain broad strategic controls, but otherwise with freedom, with initiative, etc., within those limits. But the controls are there, because we have to think of the public sector, and the private sector is part of the Plan, is a co-ordinated part of the Plan; this is where the strategic controls come in. That is to say, you have to think of the whole purpose, business of building up India as one large-scale enterprise, co-operative enterprise, in which every group and every part of India shares. That is the only way I can conceive of it. There are people, naturally, in India, who are selfish, who are bad, who are corrupt, and who are everything—I do not say, everybody in India. But you have to create an atmosphere, so as to bring in as many people as possible to help in their own way. And we have to be wide awake all the time, so as to change our line of demarcation, for there is no limit to the public sector, and it can take anything it can. I do not wish to limit the public sector at all anywhere. Whatever we can, we take it. But our resources are limited, the State's resources are limited. It is no good my preventing somebody else doing something which I cannot do myself; that is just folly, because thereby we lose something which might be done.

The Finance Minister calls this pragmatic approach. It is pragmatic in the sense that the pragmatic approach itself look in a certain direction, has certain objectives and definite ideas about it. But otherwise, it is based on an objective consideration of things as they are, and we can constantly vary any line to that extent.

Reference has been made to the industrial policy statement of 1948. It is a broad statement. It does not go into any details. Shri Asoka Mehta referred to it as something moth-eaten. I really do not know what he meant by it, unless he said that he wants to go a little further. I think basically that statement is a very good statement. One can add to

it. One can implement it. One can give more emphasis. But I see absolutely nothing in it which is wrong from our present point of view, and I think it is good indication of how we should proceed.

Maybe, in the course of the next few months, we shall have to consider the second Five Year Plan, and in that second Five Year Plan, it is obvious that we shall have to lay much greater stress on industry. It is obvious that we shall have to lay much greater stress on the public sector of the industry in that Five Year Plan; also, the private sector, of course, will be there. I hope in fact that this House will have full opportunity to consider that even in its draft stages. The idea apparently is that a draft Plan should be prepared for discussion, *i.e.*, the draft second Five Year Plan, and after full discussion not only in Parliament but outside in the country, later, *i.e.*, after some months later, it should be finalised. That will be time for us to consider many of these details and lay down not only broad policies, but even more definite policies in regard to particular sectors.

Shri Gadgil (Poona Central): Since the industrial policy was enunciated on 6th April 1948, this House has listened to statements and commentaries on the same on many occasions. Recently also, some pronouncements were made by important members of Government, before certain Chambers of Commerce. We have before us now the speech of the Finance Minister, very carefully worded. And today we have listened to a vigorous speech by the Prime Minister. I am not attempting to reconcile every statement contained in every pronouncement, but I am trying to draw certain conclusions which, according to me, emerge from the various pronouncements and statements. One conclusion, obviously, is that the policy enunciated in 1948 remains. What is the exact implication of that policy has been a matter of a variety of interpretations. The hon. the Prime Minister has been very pronounced a few days ago while speaking before the members of the National Development Council, that the aim of this country is absolutely and definitely to establish socialism. I base all my arguments hereafter on that solid and central fact. He has also said on another occasion that this process of establishing socialism is going to be a gradual process, and that democratic method will be followed in implementing this high objective. Now, democratic socialism, as I understand, is socialism in form and plutocratic in content. I have no objection that in implementing this, the method should be democratic, for I have always held the view that if you want to avoid revolution, you must make revolutionary use of your Constitution. If you want to liquidate the capitalist society or the acquisitive society, as the Prime Minister was good enough to call it, then it must be done by enactments here in this central legislature of the country. Now, I am concerned with the steps that have been taken in the course of the last seven years to implement this high ideal. The objectives of that resolution, as also the objectives which are referred to in the Planning Commission's report, are all good objectives. There must be social equality, social justice, equality of opportunity and so on and so forth. I ask myself whether the steps so far taken have been towards the establishment of this or whether they have in any way prejudiced the early implementation of that ideal. I was very much pleased to see the impatience of the Prime Minister when he said that he wants socialism not in 30 or 40 years, but he wants everything to be done, if possible, within ten years. That is another central point which I take as the base of my further argument.

Now, in the course of the last seven years, what steps have been taken in order to bring into existence an atmosphere in which there will be no concentration of wealth? Two

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things stand prominently before our eyes. One is that in the course of these seven years, every possible relief has been granted to the richer classes and the capitalist classes. There has been considerable reduction in the direct taxation; on the other hand, in the course of the last three years alone, Rs. 50 crores have been added by way of indirect taxation. I do not grudge it, because after all, it is my country, and I want to develop it. I have a stake in it. Every poor man must contribute to it. But there must be equality of sacrifice. The policy of liquidating the landlords has been implemented, and further implementation will follow when there will be a ceiling on maximum holding. But is there any ceiling on maximum holding in the commercial or industrial world? On the contrary, in the course of the last seven years, the Limitation of Dividend Act has been cancelled, the Capital Appreciation Act has been cancelled, excess profits tax has been cancelled and income-tax relief to the higher income brackets has been given. Today the interpretation on the question of nationalisation put by the Prime Minister differs slightly in my favour from the one which he put at Ajmer. He said that we want to use existing resources for bringing into existence new industries and Government do not like to spend money in buying junk. May I say in all humility that the textile industry, jute industry, insurance, banking, all these are industries which must be taken over by the Government in the words of this policy in a progressive manner? I want, therefore, to ask the Government in all humility—just as you have a plan to expand the public sector, what is your plan for progressive participation in the other segment of the industrial sphere, according to the terms of the policy enunciated in 1948?

The Minister of Finance (Shri C. D. Deshmukh): Which exactly are the terms?

Shri Gadgil: Progressive participation in the other sphere . The industrial policy resolution of 1948 contemplates three segments: one in which Government alone will control and own, and existing industries may be taken over by the Government; the second sphere is where the Government will regulate, by and large; and the third sphere is absolutely left to private enterprise. The second sphere contemplates and covers insurance, banking, textiles, jute and some of the main industries. Now, if you are not going to touch any of these industries for another 20 years, you will not only maintain the atmosphere in which there is a certainty of wealth being concentraed in a few hands, but you will improve the situation for those few who have the money and who have the power.

Shri B. Das (Jajpur-Keonjhar): What is your remedy? What advice will you give them?

Shri Gadgil: My remedy will be available....

Shri B. Das: Expropriation?

Shri Gadgil:.....in due time, if you have a little patience.

Shri T. K. Chaudhuri (Berhampore): Will the hon. Member kindly look to the copy of the Industrial Policy Resolution? With regard to the second sector which he mentioned, there is no mention of textiles and other things at all.

Shri Gadgil: It is not a question of mentioning a few. Exclude the first and what remains is second. That is logical enough.

Dr. Lanka Sundaram (Visakhapatnam): Presumption.

Shri Gadgil: I do not mean that everything should be nationalised. Those things should be nationlised which are in the best interests of the country. That is my test. I want the Government to consider if they